

Calculating Medicare Part A and Part B Penalty

Purpose	Explain the Medicare Part A and Part B penalty calculations.
Part A Penalty	Penalty calculation The Part A penalty is 10% of the Part A premium. Duration of penalty Determine the number of years the member could have been enrolled in Medicare, then double that amount. Agenda item methodology Using the 2006 premium (\$393 per month) for our baseline, the penalty is 10% of that amount (\$39.30 per month).
Part B Penalty	Penalty calculation The Part B penalty is 10% of the Part B premium, times the number of years the member could have been enrolled in Medicare. Duration of penalty The penalty does not end. Agenda item methodology Using the 2006 premium (\$88.50 per month) for our baseline, the penalty is 10% (\$8.85 per month) times a weighted average of the number of people at each age.